

by the Board and paid to a person under this section shall constitute full and complete payment of the person's windfall component and there shall be no further liability on the part of the Board, the U.S. Government, or any other person or entity for the amount of any reduction imposed.

§233.2 Computation of reduction.

The amount of the reduction to be made in the windfall benefit components of annuities shall be determined in the following manner: the balance in the Dual Benefits Payments Account as determined under §233.1 shall be divided by the amount of the estimated windfall benefits that would be payable for the fiscal year as determined under §233.1 to obtain a percentage. This percentage of the unreduced windfall benefit component shall be the amount of that component to which persons are entitled under the Railroad Retirement Act. In no event, however, shall the amount of the windfall benefit exceed the amount that would be payable under the Railroad Retirement Act without regard to this section.

§233.3 Reduction of retroactive and other similar payments.

If a person is entitled to a retroactive payment for a month or months in an earlier fiscal year, the reduction factor as imposed with respect to the windfall component of the person's annuity, including that portion attributable to an earlier fiscal year, shall be the reduction factor applicable in the year of payment: *Provided, however,* That if the application of the payment year reduction factor would result in a larger payment than would the application of the earlier year reduction factor, the earlier year reduction factor shall be applied. The reduction factor imposed in the case of a replacement payment shall be that reduction factor which was applicable to the original payment. The term "replacement payment" means a payment made to a beneficiary to replace a check which was issued to the beneficiary in an earlier month, but which was not negotiated, and "replacement payment" also means a payment made to the beneficiary for an earlier month in which his or her annuity was not paid for

some reason such as lack of a current address.

§233.4 Reconsideration of the reduction computation.

The Board shall periodically, but at least quarterly, examine the determinations and calculations made under §§233.1 and 233.2, in view of changes which may occur in the estimates used. If, as a result of this examination, the Board determines that the balance in the Dual Benefits Payments Account will be insufficient to pay benefits from that Account for the balance of the fiscal year at the established rate, the Board shall establish a new rate of reduction to be applied to benefits to be paid for the remaining months so that the balance in the Dual Benefits Payments Account will be sufficient to pay benefits for the remainder of the fiscal year. If, as a result of this examination, the Board finds that the balance in the Account is greater than would be required to pay benefits at the then applicable reduction percentage for the remainder of the fiscal year, the Board may, at its discretion, decrease the reduction percentage with respect to benefits to be paid for the remaining months.

PART 234—LUMP-SUM PAYMENTS

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